

INSURANCE COUNSELOR

Insurance Consumer Information Sheet

AUTO INSURANCE CLAIM ACTIONS

During 2005, three Michigan Supreme Court decisions sent a clear message to auto insurance claimants: act fast or you lose. Policyholders must act within time limits set by law or their insurance policies. These time limits include the time for reporting accidents and filing lawsuits.

You should read insurance policies as soon as you get them. It is essential to read them immediately after a claim arises in order to know what you must do and at what point in time.

Supreme Court Case 1: Uninsured Motorist (UM) Coverage

This coverage gives you added protection if you suffer serious injuries or die in an auto accident and the driver of the other vehicle is not insured. In this instance, your own uninsured motorist coverage will pay you compensation that the other driver's insurance would have paid, such as for pain and suffering.

If nothing is stated to the contrary in your policy, claimants have six years from the claim denial to bring a court action against their insurer for uninsured motorist benefits. However, the policy in this particular Supreme Court case stated any claim or lawsuit for these benefits would have to be filed within one year of the accident.

In this Supreme Court case, the claimants learned, more than a year after the accident, that the driver of the other car was uninsured. They made a claim upon their insurer and the

company denied their claim based on the one-year limit. The Court upheld this denial.

Therefore, if you are in an accident with another vehicle:

- At the time of the accident, find out whether the other driver is insured. If so, get the name of the company. You may also be able to find this out later by getting a copy of the accident report from the police.
- If the other driver is not insured, check what your policy says about making an uninsured motorist claim. Obtain a written decision from your insurance company on your claim well within the period in which you can bring a lawsuit if there is a denial. Make sure to file a lawsuit, if needed, within that time.

Supreme Court Case 2: Making Reports

Car insurance policies, like most other insurance policies, require you to report a claim to the company within a certain period of time. Some policies may have special provisions, like reporting a hit and run accident to the police within 24 hours.

In this particular Supreme Court case, the victim of a hit and run accident was killed. His estate did not make a report to the insurer within the 30-day notice period stated in his policy and the insurer denied the claim.

The Court upheld the denial. It did so even though the policy failed to have a required provision that would have extended the time.

Therefore, if you are in an accident, report it to the insurer as soon as it is reasonably possible to do so. Keep a written record of any and all contacts with your agent and/or your insurance company. This may help prevent loss of coverage.

Supreme Court Case 3: Personal Injury Claims

Your car insurance policy covers your personal injuries resulting from an auto accident. However, there is a “one-year-back” limitation. That is, if your company denies you benefits, the farthest back you can sue for benefits is one year.

For several years, courts have extended the limitation. They recognized that the settlement of some major or complex claims could easily take more than one year.

In this case, the Supreme Court said there will be no more tolling or extension of the “one-year-back” limitation by courts. This applies to past claims as well as future claims.

Therefore, if you have a personal injury claim with your insurer, make sure you get a written decision on the claim before one year expires. This applies to all expenses. File any lawsuit, if needed, within the one-year period. If you decide to consult a lawyer, do that well in advance of the end of the one-year period because the lawyer will need time to evaluate your possible claim.

In summary, check your policy for any reports you must make after an accident. Check for limitations on bringing lawsuits after a period of time passes. Make sure you stay within the specified time limits stated in

your policy so that you receive the coverage you paid for.

What To Do If You Have A Question Or Problem

If you have an insurance question or problem, call your insurance agent or company. If your question is not answered, contact the Office of Financial and Insurance Services at the address or telephone number below. This is the state agency that regulates insurance in Michigan.